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**Embassy of the United States of America,  
Georgetown, Guyana**

## **Guyana's Mid-Year Economic Review, 2009 (January to June)**

A mid-year report by the Ministry of Finance indicates that Guyana's economy has remained resilient, despite the poor performance of the agriculture sector, especially sugar, in the first half of 2009, and the global financial crisis. Real economic growth in the first half of 2009 was 1.4%, down from 3.8 % year-on-year. The mining and quarrying sectors also performed poorly. The engineering and construction and services sector recorded growth, while the manufacturing sector was steady. Lower food and fuel prices contributed to a low inflation rate of 1.3% for the period, compared to 5.8% year-on-year.

Guyana recorded a surplus of US\$57.3 million in its overall balance of payments. It was attributed to a reduction in the current account deficit which more than offset declining inflows to the capital account. The reduction in the current account deficit was due principally to lower import costs from declining fuel and foods; while the decline in the capital account was due to a decrease in official grants and less foreign direct investment.

During the first half of 2009 Guyana recorded a merchandise trade deficit of US\$184 million, versus US\$256.5 million year-on-year, due to a sharp decline in the value of imports, more than offsetting a decrease in exports. Total exports amounted to US\$354.6 million, down US \$30 million year-on-year. This outcome reflected a combination of lower volumes and a reduction in the prices for most of the key export commodities. The value of merchandise imports amounted to US\$538.5 million during the first half of 2009, down over US \$100 million from 2008 due primarily to a contraction in prices for fuel and primary commodities.

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## Guyana's Mid-Year Economic Review, 2009 (January to June) - cont'd

All segments of the foreign exchange market, except for the non-bank cambios, experienced lower levels of transactions on account of declining commodity prices and remittances. The Guyana dollar remained relatively stable appreciating by 0.37 percent against the US dollar during the first half of 2009, versus a quarter percent depreciation last year. This position reflected the strong demand for US dollars locally. During the first half of 2009 the bank cambios' average buying and selling rates were recorded at G\$201.75 and G\$205.78 respectively. The non-bank cambios' average buying and selling rates were recorded at G\$200.11 and G\$202.97 respectively.

The stock of domestic and foreign-held public debt amounted to US\$406.2 million and US\$862.0 million, respectively. Both domestic and external public debt increased by 14.9% and 11.3%, respectively from mid 2008 levels. The former is attributed to an increase in the issuance of treasury bills to sterilize excess liquidity, while the latter is due to disbursements from the IDB and bilateral credit delivered under the PetroCaribe Initiative. Domestic debt services decreased to US\$14.6 million and external debt services decreased to US\$7 million as a result of lower principal payments. Total HIPC debt relief amounted to US\$18.0 million reflecting a decreased of 12%.

The Guyanese economy is projected to continue to grow albeit at a slower rate for the next two quarters. Inflation is expected to moderate with declining commodity and fuel prices while the exchange rate will remain relatively stable on account of strong demand for US dollars. The Bank of Guyana will continue to control the liquidity level in the banking system to support efforts in promoting and sustaining macroeconomic stability.

**Source:** Bank of Guyana, Half Year Report 2009

## Profile of Guyana

<b>Official Name:</b>	Cooperative Republic of Guyana
<b>Capital City:</b>	Georgetown
<b>Government:</b>	Republic within the Commonwealth
<b>Currency:</b>	Guyana dollar (G\$)
<b>Exchange Rate:</b>	US\$1 = GY\$203
<b>Nominal GDP:</b>	US\$945.2 million (2008)
<b>GDP Real Growth:</b>	3.1% (2008)
<b>Per Capita GDP:</b>	US\$1,233.60 (2008)
<b>Population:</b>	766,200 (2008 estimate)
<b>Area:</b>	214,970 sq. km. (83,000 sq. mi.)
<b>Language:</b>	English
<b>Main Airport:</b>	Cheddi Jagan International Airport, Timehri
<b>Main Port:</b>	Georgetown
<b>Climate:</b>	Tropical
<b>Time Zone:</b>	-04:00 GMT (Atlantic Time Zone)



## **Guyana's Economic Profile, 2009 (January to June)**

### **National Accounts**

Nominal GDP (2008):	US\$945.2 million
GDP Real Growth:	1.4%
Per Capita GDP (2008):	US\$1,233.6

### **Public (Government) Finance**

Total Revenue:	US\$235.1 million
Total Expenditure:	US\$222.2 million
Total Capital Expenditure:	US\$54.4 million
Overall Balance:	US\$28.1 million
Overall Deficit as a Percent of GDP (2008):	(6.3%)

### **Public Debt**

Total Stock of Domestic Debt:	US\$418.4 million
Domestic Debt Service:	US\$15.1 million
Total Stock External Debt:	US\$862 million
External Debt Service:	US\$7 million
Total Stock of External Debt as a Percent of GDP (2008):	88.2%

### **Prices and Income**

Average Exchange Rate:	US\$1 = GYD\$200
Inflation:	1.3%
Small Savings Rate:	2.78% (Per Annum)
Weighted Average Time Deposit Rate:	2.51% (Per Annum)
Weighted Average Lending Rate:	11.84% (Per Annum)
Prime Lending Rate:	14.54% (Per Annum)

### **Merchandise Trade**

Balance of Trade:	US\$(184.0)
Total Imports:	US\$538.5 million
Guyana Imports from the U.S.:	US\$134.8 million
Guyana Import Market Share from the U.S.:	25%
Total Exports:	US\$354.6 million
Guyana Exports to the U.S.:	US\$70.3 million
Guyana Export Market Share to the U.S.:	19.8 %
Total Fuel & Lubricants Imports:	US\$130.4 million
Fuel & Lubricants as a Percent of GDP (2008):	37.7%

### **Investment (2008)**

Total Private Investment (Local & FDI):	USD\$253.2 million
Total Foreign Direct Investment (FDI)	USD\$161.3 million
Value of U.S. Foreign Direct Investment	USD\$57.4 million
U.S. FDI as a Percent of Total FDI	35.58%
U.S. FDI as a Percent of GDP:	6.07%
Total Private Investment as a Percent of GDP:	26.79
Total FDI as a Percent of GDP:	17.07

### **Labor (2008)**

Working Age Estimate:	465,800
Labor Force Estimate:	281,300
Unemployment Rate:	9.7%
Literacy Rate:	99.0%

## Guyana and Norway Partner on Historic Climate/Forest Deal

The Government of Guyana (GoG) and the Government of Norway (GoN) entered into partnership to protect Guyana's tropical forest for its carbon storage services. Norway will provide financial support to Guyana at a level based on Guyana's success in limiting greenhouse gas emissions. On November 9, 2009, President Bharrat Jagdeo of Guyana and Norway's Minister of the Environment and International Development Erik Solheim signed a Memorandum of Understanding (MOU) declaring the two countries' determination to provide the world a working example of how a developed and developing country can save the world's tropical forests.



Under the agreement Norway will contribute US\$30 million to support the Guyana Reduced Emissions from Deforestation Degradation -Plus (REDD+) Investment Fund (GRIF) in 2010. Provided that the expected results are achieved and that other elements of the partnership, including a governance plan, fall into place, Norway could pay Guyana up to US \$250 million by 2015.

The MOU envisions continued cooperation conditional on the following objectives:

**Evolving Strategic Framework:** All aspects of Guyana's REDD+ efforts, including forest conservation, sustainable management of forests and enhancement of forest carbon stocks, will contribute to an emerging international standard for REDD+. Currently, the UN REDD Programme and the Forest Carbon Partnership Facility (FCPF), managed by the World Bank are leading this international effort. Furthermore, all REDD+ actions will be integrated in Guyana's [Low Carbon Development Strategy](#) (LCDS). The GoG claims that contributions to REDD+ from Norway and other donors, including the FCPF, will be administered in a transparent manner and that information concerning all expenditures, both planned and implemented, will be publicly available.

**Continuous Multi-Stakeholder Consultation Process:** The LCDS and REDD+ will be subject to an institutionalized, systematic and transparent process of multi-stakeholder consultation, enabling the participation of all potentially affected and interested stakeholders at all stages. This process will continue to evolve over time. Particular attention will be given to the full and effective participation of indigenous peoples and other forest-dependent communities. Guyana's policy is to enable indigenous communities to choose whether and how to opt in to the REDD+/LCDS process only when communities wish to do so, in accordance with Guyana's policy of respecting the free, prior and informed consent of these communities. The consultation process will continue to be monitored by an expert team appointed jointly by Guyana and Norway. This team will provide advice to all stakeholders and report on the quality, implementation and adequacy of processes and institutional arrangements to suit the relevant stage of the consultation process, e.g. through regular meetings of a representative multi-stakeholder steering committee.

**Good Governance:** An independent assessment of current forest governance and logging practices in Guyana by the Center for International Forestry Research (CIFOR) and the Food and Agriculture Organization of the United Nations (FAO) will form the basis for a transparent, rules-based, inclusive forest governance, accountability and enforcement system. The development and implementation of this governance model will be integrated with the LCDS. An outline of Guyana's REDD+ governance development plan will be prepared by the end of 2009. A more detailed plan will be developed by October 2010, with clear requirements and timelines for its implementation.

**Transparent Financial Mechanism:** The Guyana REDD+ Investment Fund (GRIF) will be a multi-donor financial mechanism managed by a reputable international organization, possibly the World Bank. The organization will be jointly selected by GoG and GoN. The GRIF must be operational before any contributions can be disbursed from Norway. The GRIF will channel REDD+ financial support from Norway and other potential donors to the implementation of Guyana's LCDS. Safeguards – including social, economic and environmental – as well as the fiduciary and operational policies will be developed.

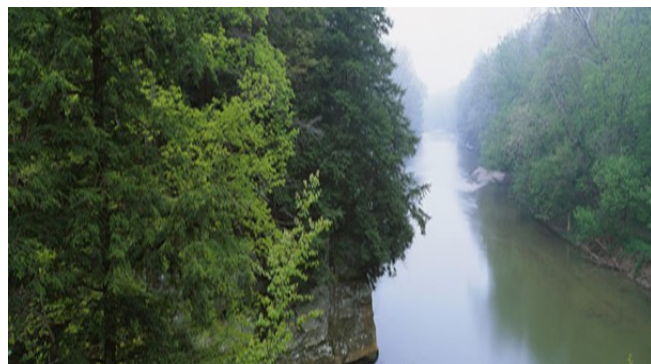


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## **Guyana and Norway Partner on Historic Climate/Forest Deal (Cont'd)**

The Ministry of Finance of Guyana will be responsible for the execution of the GRIF's operations, with the selected international organization acting as manager. The manager will be responsible for ensuring full oversight of the GRIF's operations, including fiduciary obligation as trustee, and providing technical support as agreed with Guyana. Environmental impact assessments of LCDS initiatives should fully account for projected carbon emissions.

**Effective Monitoring, Reporting and Verifying (MRV):** A needs assessment for a national system to monitor, report and verify (MRV) carbon emissions reductions attributed to Guyana's forest sector will be developed. The MRV system must provide the basis for reporting in accordance with the principles and procedures of estimating and reporting carbon emissions and removals at the national level as specified by the IPCC Good Practice Guidelines and Guidance. A road map for the national MRV system will be developed. The needs assessment and roadmap will be used as basis for dialogue and negotiations with potential providers of support and services to the national MRV system. Where relevant, open tender processes will be applied. Establishing a status quo/baseline data-base by October 2010 on rates of deforestation in Guyana will be a priority.



**Protecting Indigenous Rights:** The Constitution of Guyana guarantees the rights of indigenous people to participate in decision-making on all matters affecting their well-being. These rights will be respected and protected throughout Guyana's REDD+ and LCDS. The international community will pay particular attention to this aspect of Guyana's REDD+ and LCDS.

**Annual Performance Evaluation:** Annual independent assessments will be conducted by one or more neutral expert organizations, to be appointed jointly by GoG and GoN in consultation with the international financial institution managing the GRIF. The assessment will evaluate whether or not the REDD+ enablers have been met and what results Guyana has delivered according to the established indicators for REDD+ performance. A neutral expert organization will also provide a separate annual status report for the Governments of Norway and Guyana.

**Source:** *Joint Concept Note on REDD plus Cooperation between Guyana and Norway*

## **NAMILCO – Guyana's Wheat Miller Through Thick and Thin**

Prior to the incorporation of the National Milling Company of Guyana Inc. (Namilco), a subsidiary of Seaboard Corporation of USA, Guyana did not have a reliable source of wheat flour products. In 1967, Seaboard Corporation based in Kansas City, MO, saw an opportunity to set up a flour mill in Guyana and negotiated with the Government of Guyana (GoG) to make this a reality. The company's site was purchased in 1967 and a mill was commissioned two years later by then Prime Minister Forbes Burnham.

The mill was established with a capacity to produce 3,300 100lbs sacks of flour in twenty four-hours and a workforce of 45 initial employees. As the demand for flour increased, employment opportunities expanded and the factory hours of operation also increased. Presently, Namilco employs over 100 employees and produces approximately 35,000 tons of flour annually.

Throughout the 1970s, Namilco imported wheat from the US for the production of flour. In 1982 the GoG banned imports of wheat and flour. Namilco was instructed to make rice flour intended as a substitute for wheat flour, but this directive failed since rice lacks gluten and is an imperfect substitute for wheat flour in most applications. In 1986, the GoG import ban on wheat and flour was lifted and Namilco immediately restarted production, using U.S wheat imported under a U.S. Department of Agriculture (USDA) program commonly known as PL 480. Sensing potential revenue, the GoG, which controlled the distribution of flour, applied a levy on flour sales meant to benefit the agriculture sector. Later, with the opening of

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## **NAMILCO – Guyana's Wheat Miller Through Thick and Thin (cont'd)**

the economy under the Economic Recovery Program (ERP), the levy was dropped and the mill was allowed to sell flour directly to the public. In 1988, the GoG (under the Presidency of Hugh Desmond Hoyte) adopted a new economic reform policy known as the Economic Recovery Program (ERP) which was developed in cooperation with the IMF/World Bank Structural Adjustment Recovery Program. The ERP saw the GoG opening its economy to market oriented reforms based on the following objectives. First, to restore economic growth. Second, to incorporate the parallel economy into the official economy. Third, to eliminate external and internal payments imbalances. Fourth, to normalize Guyana's financial relations with its foreign creditors.

Namilco operated successfully with wheat provided under PL 480. The company purchased wheat at market prices and milled it into flour. Commercial wheat purchased by Namilco from the U.S. was sometimes imported to supplement any shortfall in the yearly PL 480 allocation. In 1999, the U.S. decided to donate wheat under a different program, termed Section 416 (b). This wheat is donated to the GoG and Namilco purchases it at market prices.

In December 1998 Namilco began to diversify its operations as a result of increasing competition in the domestic market. This diversification plan included new products and state of the art packaging and mixing machines. A key improvement was packaging small quantities suitable for casual domestic use. Demand for these smaller packaged quantities was so great that the company had difficulty supplying.

Presently, Namilco manufactures the following products: Thunderbolt Flour; Biscuit Flour; Whole Wheat Flour; High Gluten Flour; Self Rising Flour; Roti Mix flour ; High Fiber Flour; Wheat Up Breakfast Cereal; Pholourie Mix; Creamed Wheat Up; Italian Pesto Mix; Multi Grain and Wheat Germ.

In addition to the production of flour and flour products, Namilco also produces animal feed for cattle and poultry. The table below indicates Namilco flour production from 2000 – 2009 (January-September)

<b>Year</b>	<b>Production (Tons)</b>
2000	35,900
2001	36,600
2002	36,600
2003	34,700
2004	36,200
2005	36,800
2006	37,400
2007	34,200
2008	35,700
2009 (January-September)	27,340

**Source:** Bureau of Statistics.

Namilco only utilizes 50% of its productive capacity, with 35 percent of its production going to bakers/bakeries, 40 percent sold as package flour to households and 25% for export. As Namilco continues to expand and develop its operations, it is exploring the possibility of exporting flour regionally including to Brazil. With the construction of the Guyana/Brazil Bridge, Namilco is exploring the possibility of exporting flour to Brazil.

Besides providing affordable, nutritious products to Guyana, the company is also a good corporate citizen. Namilco continues to support development of sports in Guyana. Annually on CARICOM Day, Namilco sponsors a Cycle Road Race for bicycle enthusiast from throughout the region. Namilco also sponsors an annual Football Competition for clubs in Guyana. Namilco continues to make monthly donations of flour to a number of charitable organizations and schools. In the area of technical assistance, Namilco has on several occasions solicited the services of baking experts from the U.S. and Canada to assist local bakeries and restaurants enhance quality of their products. Namilco continues to play a key role in the economic and social development of Guyana.

## **Trade Shows in the United States**

The U.S. Department of Commerce, Foreign Commercial Service's International Buyer Program (IBP) supports trade shows that are recognized as leading events for promoting products and services in particular industries. IBP trade shows give international buyers an opportunity to assess the best and latest in U.S. technology, innovations, products, and services. IBP-supported trade shows provide a venue for international buyers to make valuable contacts with U.S. firms. [View the list of 2010 trade shows](#) below:

**World of Concrete 2010** is the industry's only annual international event dedicated to the commercial concrete and masonry construction industries showcasing leading industry suppliers featuring innovative products, technologies, tools and equipment and unlimited networking opportunities to give you new ways to sustain and grow your business in today's changing economy. The Show will take place February 1-5, 2010, at the Las Vegas Convention Center, Las Vegas, Nevada, U.S.A. For more information, visit <http://www.worldofconcrete.com>

**Graphics of the Americas (GOA)** is the premier graphic arts industry event for purchasing new technology, equipment, systems and software. As the second largest expo & conference in the U.S. for the graphic communications industry, GOA attracts thousands of buyers from every facet of the industry. Attendees from North, Central and South America, and the Caribbean, know this is the place to learn about and buy new products, and meet with potential suppliers, partners and customers. Celebrating 35 years of service, Graphics of the Americas will be held February 25-27, 2010 at the Miami Beach Convention Center, Miami Beach, Florida, U.S.A. For more information, visit <http://www.graphicsoftheamericas.com/>

**International Hospitality Week 2010** is a mega-event that includes the Nightclub & Bar Convention and Trade Show, International Restaurant Show - Las Vegas and Hotel World Food and Beverage Expo & Conference. Share ideas and insights with more than 26,000 hospitality professionals as you experience an outstanding educational program, the hottest new products and networking events beyond compare. The show will take place March 8-10, 2010 at the Las Vegas Convention Center, Las Vegas, Nevada, U.S.A. For more information, visit <http://www.internationalhospitalityweek.com/>

**International Home and Housewares 2010** offers you the opportunity to see first-hand consumer lifestyle and product trends for all areas of the home, both inside and out, under one roof. The show will take place on March 14-16, 2010 at the McCormick Place, Chicago, Illinois, U.S.A. For more information, visit <http://www.housewares.org/show/info/>

**CTIA Wireless 2010 Show** is the premier wireless event representing a U.S.\$1 trillion global marketplace that brings together the wireless and converged communications, wireless broadband, mobile web computing and data industries. International CTIA WIRELESS is where the wireless world meets each year for three days of intense business, learning and networking. The show will take place March 23-25, 2010 at the Las Vegas Convention Center, Las Vegas, Nevada, U.S.A. For more information, visit <http://www.ctiawireless.com/>

**International Security Conference (ISC) West 2010** is a leading conference where manufacturers, dealers/installers, system integrators, and corporate end-users of security products and services from around the world gather. This conference allow you to source, learn, network and connect with leaders in the security industry. Now more than ever it's time to better your business as you immerse yourselves in a global state-of-Security – ISC West. The show will take place March 23-26, 2010 at the Sands Expo & Convention Center, Las Vegas, Nevada, U.S.A. For more information, visit <http://www.iscwest.com>

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